

October 2, 2009

Washington State Building Code Council
Re: Mandatory Fire Sprinkler Requirement

From: Ron Soss, VP
Branch Mgr. and Construction Lender
Banner Bank
101 W. Cataldo, Suite 100
Spokane, WA 99201

Dear Council Members:

I would like to officially express my opposition to having the building codes change to mandate fire sprinkler systems in the construction of all new homes in the State of Washington.

I have first hand experience as to the economic difficulties that now face the home building industry and home builders in the surrounding Spokane area and all of the markets that Banner Bank provides construction financing to that includes all four corners of Washington, as well as Oregon and Idaho. We service builders both large and small; with the greatest impact of these trying economic times facing the smaller builders in this industry. For Spokane, a large number of builders would be considered small, building less than 10 - 15 homes per year.

Today we see builders that are having a tremendous difficulty moving existing built spec homes in their communities, most of these were started when land and material prices were escalating to an almost non-manageable point. The builders that are managing there way through this economic downturn are finding there homes being reduced to a sales price that equates to less than what it cost to actually build them. Negative profits along with burdensome debt positions on land and homes that are not selling have caused more than a few builders, some large and some small, to basically close down or be forced to a bankruptcy situation, without the likelihood of recovery. Not only does this affect the builder and their employees, but also a greater number of people and business who livelihoods are centered around the construction industry that rely on the construction of new homes.

Now is not the time to continue to bring increasing price burdens to the home building industry. At the current moment, most builders are trying to keep afloat by continually trying to reduce the cost to produce a new home in this market. Adding costs to the home that will not bring additional sales value, such as a mandated sprinkler system, will be an additional hindrance of doing business in this State. The additional cost of a mandated sprinkler system will not equate to a higher sales price of a home, nor a higher appraised value, thus putting the burden on the home builder to finance this additional cost out of an already diminishing profit margin. If there were an epidemic problem with house fires in newly constructed homes in the State, then I would have to conclude that fire

sprinklers should be mandated regardless of the eventual costs. However, I don't see the evidence that we have a major problem with house fires in newly constructed homes, given the fact that new homes are built better than ever before with more safety standards in place. Current standards include improved building code requirements already in existence for electrical and smoke alarm systems, better heating systems, better insulation requirements, and fire separation and firestopping building practices that have all helped decrease the number of deadly house fires. More of the problems exist from older dwelling units that did not have the same standards to build to.

Based on the economic downturn that faces the consumer, business and government environments on a daily basis today, right now is not the time to be increasing the cost burden to the home building industry.

Respectfully submitted,

Ron Soss, VP
Real Estate Loan Officer
Banner Bank